

SENATE BILL REPORT

EHB 1464

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 25, 2009

Title: An act relating to affordable housing incentive programs.

Brief Description: Concerning affordable housing incentive programs.

Sponsors: Representatives Springer, Ormsby, Orwall, Eddy, Ericks, Nelson, Kagi, Dickerson, Morrell, Wood and Goodman.

Brief History: Passed House: 3/04/09, 63-32.

Committee Activity: Financial Institutions, Housing & Insurance: 3/24/09, 3/25/09 [DP, DNP, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin and McDermott.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Diane Smith (786-7410)

Background: Under statutory authority pre-dating the Growth Management Act (GMA), some counties planned for growth and continue to do so, even though they have not opted-in to the GMA.

As of 1990, some counties, and the cities located within those counties that are planning under the GMA, must adopt comprehensive land use plans. These comprehensive plans are generalized, coordinated land use policy statements of the local government's governing body. These local governments must also adopt development regulations that are consistent with, and implement, the comprehensive plan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Comprehensive plans must include a housing element, which provides (1) an inventory and analysis of existing and projected housing needs; (2) a statement of policies for the preservation, improvement, and development of housing; (3) identification of sufficient land for housing; and (4) adequate provisions for the existing and projected needs of all the communities' economic segments.

The GMA requires counties to designate Urban Growth Areas (UGAs), or areas within which urban growth must be encouraged and outside of which growth can occur, only if it is not urban in nature or falls into an exception to this requirement.

Local governments may impose a local sales & use tax, as well as a tax on lodging, but otherwise state law, generally, prohibits excise taxation at the local level, including on building construction or land development. However, local governments are allowed to impose certain fees and charges, including impact fees, special assessments, permit processing fees, utility system charges, and transportation benefit district fees. Additionally, local government's authority to implement affordable housing incentive programs is not limited by the general prohibition on local government's imposition of excise taxes.

Local governments fully planning under the GMA may enact or expand affordable housing incentive programs, providing for the development of low-income housing units. Incentive programs may include, but are not limited to, provisions pertaining to density bonuses within the UGA; height and bulk bonuses; mixed-use projects; fee waivers or exemptions; parking reductions; or expedited permitting, conditioned on the provision of low-income housing units.

Incentive programs are authorized, described, and limited in terms of housing units. Low-income housing units developed under an affordable housing incentive program are encouraged to be provided within market-rate housing developments for which a bonus or incentive is provided. Local programs have the option of allowing units to be provided in adjacent buildings. There is the further option of allowing payments in lieu of low-income housing units if the payments equal the approximate cost of the units that would otherwise have been developed.

Summary of Bill: When planning under the GMA, local government's conditions on rezoning and permit decisions may be used, in addition to development regulations, to expand affordable housing incentive programs through residential, commercial, and industrial or mixed-use types of development.

The focus of the incentive program is changed from housing units to development generally. Local programs may provide encouragement for the low-income housing units to be provided within developments, not limited to market-rate housing developments, for which a bonus or incentive is provided. Programs may also allow units to be in a building located in the general area of the development for which a bonus or incentive is provided. The assigned value for a payment in lieu of low-income housing units is based on the result achieved by providing the affordable housing on-site.

The requirement that low-income housing units be provided in a range of sizes comparable to those available to other residents is extended to developers of market-rate housing and low-income housing to satisfy the requirements of the housing incentive program.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a follow-up bill to one sponsored by Representative Springer in 2006, the zoning incentive to builders in exchange for building more affordable housing bill. It offers increased heights, reduced fees, and less parking requirements, but the best incentive is increased density. There is no clear, set formula for increasing density, but cities will figure it out. The mismatch between where jobs are and where the housing is cannot be sustained. This bill incentivizes [sic] affordable housing exactly with commercial development. There are critical safeguards. If the developer chooses not to participate, that developer can go ahead with the project under existing zoning. Up to 80 percent of area median is market rate housing in Seattle.

CON: This bill foists the cost of affordable housing on developers and allows additional conditions on rezones and permits. The concept of the whole bill only works if the local jurisdiction keeps heights lower than the GMA allows. This is essentially a stick to make developers provide affordable housing.

Persons Testifying: PRO: Representative Springer, prime sponsor; Tim Gugerty, city of Seattle; Dave Williams, Association of Washington Cities; Nick Federici, Washington Low Income Housing Alliance.

CON: Timothy Harris, Association of Washington Business.